

AMENDED IN SENATE SEPTEMBER 2, 2015

AMENDED IN SENATE SEPTEMBER 1, 2015

AMENDED IN SENATE JULY 16, 2015

AMENDED IN SENATE JUNE 19, 2015

AMENDED IN ASSEMBLY APRIL 30, 2015

AMENDED IN ASSEMBLY MARCH 2, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 374**

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**Introduced by Assembly Member Nazarian**

February 17, 2015

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An act to add Section 1367.244 to the Health and Safety Code, and to add Section 10123.197 to the Insurance Code, relating to health care coverage.

### LEGISLATIVE COUNSEL'S DIGEST

AB 374, as amended, Nazarian. Health care coverage: prescription drugs.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of that act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law imposes various requirements and restrictions on health care service plans and health insurers, including, among other things, requiring a health care service plan or health insurer that provides prescription drug benefits to utilize a specified uniform prior authorization form or electronic

authorization process when requiring prior authorization for prescription drug benefits.

This bill would authorize a request for an exception to a health care service plan's or health insurer's step therapy process for prescription drugs to be submitted in the same manner as a request for prior authorization for prescription drugs, and would require the plan or insurer to treat, and respond to, the request in the same manner as a request for prior authorization for prescription drugs.

The bill would require the Department of Managed Health Care and the Department of Insurance to include a provision for step therapy exception requests in the uniform prior authorization form specified above.

Because a willful violation of these requirements with respect to health care service plans would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1367.244 is added to the Health and
- 2 Safety Code, to read:
- 3 1367.244. (a) A request for an exception to a health care
- 4 service plan's step therapy process for prescription drugs may be
- 5 submitted in the same manner as a request for prior authorization
- 6 for prescription drugs pursuant to Section 1367.241, and shall be
- 7 treated in the same manner, and shall be responded to by the health
- 8 care service plan in the same manner, as a request for prior
- 9 authorization for prescription drugs, ~~including utilization of the~~
- 10 ~~grievance process applicable to the denial of a request for prior~~
- 11 ~~authorization for prescription drugs specified in Section 1368.~~
- 12 ~~drugs.~~
- 13 (b) The department and the Department of Insurance shall
- 14 include a provision for step therapy exception requests in the

1 uniform prior authorization form developed pursuant to subdivision  
2 (c) of Section 1367.241.

3 SEC. 2. Section 10123.197 is added to the Insurance Code, to  
4 read:

5 10123.197. (a) A request for an exception to a health insurer's  
6 step therapy process for prescription drugs may be submitted in  
7 the same manner as a request for prior authorization for prescription  
8 drugs pursuant to Section 10123.191, and shall be treated in the  
9 same manner, and shall be responded to by the health insurer in  
10 the same manner, as a request for prior authorization for  
11 prescription drugs, ~~including utilization of any grievance process~~  
12 ~~applicable to the denial of a request for prior authorization for~~  
13 ~~prescription drugs.~~

14 (b) The department and the Department of Managed Health  
15 Care shall include a provision for step therapy exception requests  
16 in the uniform prior authorization form developed pursuant to  
17 subdivision (c) of Section 10123.191.

18 SEC. 3. No reimbursement is required by this act pursuant to  
19 Section 6 of Article XIII B of the California Constitution because  
20 the only costs that may be incurred by a local agency or school  
21 district will be incurred because this act creates a new crime or  
22 infraction, eliminates a crime or infraction, or changes the penalty  
23 for a crime or infraction, within the meaning of Section 17556 of  
24 the Government Code, or changes the definition of a crime within  
25 the meaning of Section 6 of Article XIII B of the California  
26 Constitution.